

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7030

BILL NUMBER: HB 1880

NOTE PREPARED: Jan 6, 2003

BILL AMENDED:

SUBJECT: Voluntary remediation tax credit.

FIRST AUTHOR: Rep. Pierce

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill makes the voluntary remediation tax credit available to a taxpayer irrespective of whether the taxpayer is participating in the state voluntary remediation program and irrespective of whether the property is located in a brownfield revitalization zone. The bill consolidates into a single resolution the determinations required of the legislative body to allow the credit. It provides that the credit does not apply to the extent that the taxpayer uses state financial assistance for the remediation. This bill also allows carryback of a credit to the immediately preceding taxable year. The bill also extends the credit for taxable years through 2005.

Effective Date: January 1, 2004.

Explanation of State Expenditures: Under existing law qualifying entities can receive a credit against state tax liability for certain voluntary environmental remediation costs. The credit is limited to \$1 M statewide. The maximum amount of the credit for a particular remediation project is \$100,000. The credit amount for each year is deducted from the Environmental Remediation Revolving Loan Fund Account to replenish the State General Fund. The Department of Environmental Management (IDEM) shares administrative duties with the Indiana Development Finance Authority (IDFA). No new tax credits are allowed for tax years beginning after December 31, 2003.

The proposal extends the deadline through 2005 and reduces the administrative requirements for receiving the credit. This bill also makes the voluntary remediation tax credit available to a taxpayer irrespective of whether the taxpayer is participating in the state voluntary remediation program and irrespective of whether the property is located in a brownfield revitalization zone. The bill consolidates into a single resolution the determinations required of the legislative body to allow the credit.

Under existing law, the project must be processed through IDEM's Voluntary Remediation Program. IDEM is required to certify costs incurred in the voluntary remediation as qualified investments. The proposal provides that not all projects must be certified through the IDEM program which should reduce processing time.

The proposal also expands the time frame for which projects may be eligible which may expand the number of projects that are eligible.

To-date no entity has applied for the credit. Streamlining the process attempts to entice applicants. An amount of \$1 M has already been set aside for the program.

Explanation of State Revenues: This proposal would not affect revenues to the extent that \$1 M has already been set aside for the program.

Explanation of Local Expenditures: The proposal could reduce administrative expenses incurred by local units. The impact would depend on local action.

Explanation of Local Revenues:

State Agencies Affected: IDEM, IDFA, and the Department of Revenue.

Local Agencies Affected: Political subdivisions containing brownfields.

Information Sources: Calvin Kelly, IDFA (317) 233-9799.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586